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**UNITED STATES DISTRICT COURT**
**SOUTHERN DISTRICT OF CALIFORNIA**

LEADERSHIP STUDIES, INC., a California corporation,

Plaintiff,

v.

BLANCHARD TRAINING AND DEVELOPMENT, INC., a California corporation, and Does 1-10, inclusive,

Defendants.

BLANCHARD TRAINING AND DEVELOPMENT, INCORPORATED,

Counterclaim-Plaintiff,

v.

LEADERSHIP STUDIES, INC.,

Counterclaim-Defendant.

CASE NO. 15CV1831 WQH-KSC

**REDACTED COPY OF JOINT MOTION FOR DETERMINATION OF DISCOVERY DISPUTE ON PLAINTIFF'S REQUESTS FOR PRODUCTION 73-78**

***No Oral Argument Unless Requested By The Court***

[Filed Concurrently with Motion Under Seal; Declaration of Nathaniel L. Fintz; Declaration of Tom McKee; Declaration of Richard Andrews; Supplemental Declaration of Jeffrey J. Zuber; and Declaration of John Paul Oleksiuk, Esq.]

Pursuant to L.R. 26.1 and Chambers' Rules, Plaintiff and Counterclaim-Defendant Leadership Studies, Inc. ("CLS") and Defendant and Counterclaim-Plaintiff Blanchard Training and Development, Inc. ("BTD") submit this Joint Motion for Determination of Discovery Dispute on CLS' Requests for Production ("RFPs") 73-78, as well as each parties' incorporated Motion for Monetary Sanctions and costs in relation to this Joint Motion.

## I. THE DISCOVERY REQUESTS AT ISSUE

**RFP 73:** ALL DOCUMENTS EVIDENCING COMMUNICATIONS between YOU AND anyone employed by OR representing KORN FERRY CONCERNING YOUR alleged rights in the mark "Situational Leadership®."

**BTD's Response to RFP 73:** In addition to the General Objections, Blanchard Training objects to this Request on the grounds that the request to produce "ALL DOCUMENTS" is overbroad, unduly burdensome, oppressive, and not proportional to the needs of the case. Moreover, the Request is overbroad because "DOCUMENTS EVIDENCING COMMUNICATIONS" between Blanchard Training and Korn Ferry are neither relevant nor necessary for Leadership Studies to prosecute this action. Blanchard Training further objects to this Request on the grounds that the request to produce communications with "anyone employed by OR representing KORN FERRY" is not proportional to the needs of the case when considering the impact the Request has on both Blanchard Training and third parties, including by seeking documents subject to a non-disclosure agreement.
Blanchard Training further objects to this Request on the grounds that it seeks information which would be confidential as to a third party.

**BTD's Amended Response ("AR") to RFP 73:** In addition to the General Objections, Blanchard Training objects to this Request on the grounds that the request to produce "ALL DOCUMENTS EVIDENCING COMMUNICATIONS" is overbroad, unduly burdensome, oppressive, and not proportional to the needs of the case, because production of "ALL DOCUMENTS EVIDENCING COMMUNICATIONS" (as those terms are defined by Leadership Studies) would cover duplicative documents and documents of *de minimis* significance. Blanchard Training further objects to this Request on the grounds that the request to produce communications with "anyone employed by OR representing KORN FERRY" is not proportional to the needs of the case when considering the impact the Request has on both Blanchard Training and third parties, including by seeking documents subject to a non-disclosure agreement. Blanchard Training further objects to this Request on the grounds that it seeks information which would be confidential as to a third party. Subject to and without waiving these objections or the General Objections stated above, Blanchard Training will conduct a reasonable search for and produce on a rolling basis relevant, non-privileged, and non-duplicative documents in its possession, custody or control evidencing communications regarding Blanchard Training's alleged rights in "Situational Leadership®" trademark, with redactions of irrelevant content, to the extent such documents exist and have not already been produced. Blanchard Training will make any such documents available to Leadership Studies for outside counsel review at the offices of Cooley LLP, 4401 Eastgate Mall, San Diego, CA 92121, at a mutually agreed-to date and time, after Korn-Ferry has been provided a reasonable amount of time to

consider whether it should seek a protective order regarding the production of such documents.

**RFP 74:** ANY DOCUMENTS EVIDENCING COMMUNICATIONS between YOU AND anyone employed by OR representing KORN FERRY CONCERNING the potential acquisition of BLANCHARD by KORN FERRY including the terms AND conditions of ALL proposals AND drafts.

**BTD's Response to RFP 74:** In addition to the General Objections, Blanchard Training objects to this Request on the grounds that the request to produce "ALL DOCUMENTS" is overbroad, unduly burdensome, oppressive, and not proportional to the needs of the case. Moreover, the Request is overbroad because "DOCUMENTS EVIDENCING COMMUNICATIONS" between Blanchard Training and Korn Ferry are neither relevant nor necessary for Leadership Studies to prosecute this action. Blanchard Training further objects to this Request on the grounds that the request to produce communications with "anyone employed by OR representing KORN FERRY" is not proportional to the needs of the case when considering the impact the Request has on both Blanchard Training and third parties, including by seeking documents subject to a non-disclosure agreement. Blanchard Training further objects to this Request on the grounds that it seeks information which would be confidential as to a third party.

**BTD's AR to RFP 74:** In addition to the General Objections, Blanchard Training objects to this Request on the grounds that the request to produce "ALL DOCUMENTS EVIDENCING COMMUNICATIONS" is overbroad, unduly burdensome, oppressive, and not proportional to the needs of the case, because production of "ALL DOCUMENTS EVIDENCING COMMUNICATIONS" (as those terms are defined by Leadership Studies) would cover duplicative documents and documents of *de minimis* significance. Blanchard Training further objects to this Request on the grounds that the request to produce communications with "anyone employed by OR representing KORN FERRY" is not proportional to the needs of the case when considering the impact the Request has on both Blanchard Training and third parties, including by seeking documents subject to a non-disclosure agreement. Blanchard Training further objects to this Request on the grounds that it seeks information which would be confidential as to a third party. Subject to and without waiving these objections or the General Objections stated above, Blanchard Training will conduct a reasonable search for and produce on a rolling basis relevant, non-privileged, and non-duplicative documents in its possession, custody or control evidencing communications concerning the potential acquisition of Blanchard by Korn Ferry that specifically relate to the "Situational Leadership®" trademark, with redactions of irrelevant content, to the extent such documents exist and have not already been produced. Blanchard Training will make any such documents available to Leadership Studies for outside counsel review at the offices of Cooley LLP, 4401 Eastgate Mall, San Diego, CA 92121, at a mutually agreed-to date and time, after Korn-Ferry has been provided a reasonable amount of time to consider whether it should seek a protective order regarding the production of such documents.

**RFP 75:** ANY DOCUMENTS EVIDENCING COMMUNICATIONS between YOU AND anyone employed by OR representing KORN FERRY regarding YOUR rights OR obligations under the 1987 LICENSE AGREEMENT.

**BTD's Response to RFP 75:** In addition to the General Objections, Blanchard Training objects to this Request on the grounds that the request to produce "ALL DOCUMENTS" is overbroad, unduly burdensome, oppressive, and not proportional to the needs of the case. Moreover, the Request is overbroad because "DOCUMENTS EVIDENCING COMMUNICATIONS" between Blanchard Training and Korn Ferry are neither relevant nor necessary for Leadership Studies to prosecute this action. Blanchard Training further objects to

this Request on the grounds that the request to produce communications with "anyone employed by OR representing KORN FERRY" is not proportional to the needs of the case when considering the impact the Request has on both Blanchard Training and third parties, including by seeking documents subject to a non-disclosure agreement. Blanchard Training further objects to this Request on the grounds that it seeks information which would be confidential as to a third party.

**BTD's AR to RFP 75:** In addition to the General Objections, Blanchard Training objects to this Request on the grounds that the request to produce "ALL DOCUMENTS EVIDENCING COMMUNICATIONS" is overbroad, unduly burdensome, oppressive, and not proportional to the needs of the case, because production of "ALL DOCUMENTS EVIDENCING COMMUNICATIONS" (as those terms are defined by Leadership Studies) would cover duplicative documents and documents of *de minimis* significance. Blanchard Training further objects to this Request on the grounds that the request to produce communications with "anyone employed by OR representing KORN FERRY" is not proportional to the needs of the case when considering the impact the Request has on both Blanchard Training and third parties, including by seeking documents subject to a non-disclosure agreement. Blanchard Training further objects to this Request on the grounds that it seeks information which would be confidential as to a third party. Subject to and without waiving these objections or the General Objections stated above, Blanchard Training will conduct a reasonable search for and produce on a rolling basis relevant, non-privileged, and non-duplicative documents in its possession, custody or control evidencing communications specifically relating to the 1987 Agreement, with redactions of irrelevant content, to the extent such documents exist and have not already been produced. Blanchard Training will make any such documents available to Leadership Studies for outside counsel review at the offices of Cooley LLP, 4401 Eastgate Mall, San Diego, CA 92121, at a mutually agreed-to date and time, after Korn-Ferry has been provided a reasonable amount of time to consider whether it should seek a protective order regarding the production of such documents.

**RFP 76:** ANY DOCUMENTS EVIDENCING COMMUNICATIONS between YOU AND anyone employed by OR representing KORN FERRY CONCERNING LEADERSHIP STUDIES.

**BTD's Response to RFP 76:** In addition to the General Objections, Blanchard Training objects to this Request on the grounds that the request to produce "ALL DOCUMENTS" is overbroad, unduly burdensome, oppressive, and not proportional to the needs of the case. Moreover, the Request is overbroad because "DOCUMENTS EVIDENCING COMMUNICATIONS" between Blanchard Training and Korn Ferry are neither relevant nor necessary for Leadership Studies to prosecute this action. Blanchard Training further objects to this Request on the grounds that the request to produce communications with "anyone employed by OR representing KORN FERRY" is not proportional to the needs of the case when considering the impact the Request has on both Blanchard Training and third parties, including by seeking documents subject to a non-disclosure agreement. Blanchard Training further objects to this Request on the grounds that it seeks information which would be confidential as to a third party.

**BTD's AR to RFP 76:** In addition to the General Objections, Blanchard Training objects to this Request on the grounds that the request to produce "ALL DOCUMENTS EVIDENCING COMMUNICATIONS" is overbroad, unduly burdensome, oppressive, and not proportional to the needs of the case, because production of "ALL DOCUMENTS EVIDENCING COMMUNICATIONS" (as those terms are defined by Leadership Studies) would cover duplicative documents and documents of *de minimis* significance. Blanchard Training further objects to this Request on the grounds that the request to produce communications with "anyone employed by OR representing KORN FERRY" is not proportional to the

needs of the case when considering the impact the Request has on both Blanchard Training and third parties, including by seeking documents subject to a non-disclosure agreement. Blanchard Training further objects to this Request on the grounds that it seeks information which would be confidential as to a third party. Subject to and without waiving these objections or the General Objections stated above, Blanchard Training will conduct a reasonable search for and produce on a rolling basis relevant, non-privileged, and non-duplicative documents in its possession, custody or control evidencing communications specifically relating to the 1987 Agreement and/or "Situational Leadership," with redactions of irrelevant content, to the extent such documents exist and have not already been produced. Blanchard Training will make any such documents available to Leadership Studies for outside counsel review at the offices of Cooley LLP, 4401 Eastgate Mall, San Diego, CA 92121, at a mutually agreed-to date and time, after Korn-Ferry has been provided a reasonable amount of time to consider whether it should seek a protective order regarding the production of such documents.

**RFP 77:** ALL DOCUMENTS EVIDENCING COMMUNICATIONS between YOU AND anyone employed by OR representing KORN FERRY CONCERNING the above-captioned litigation.

**BTD's Response to RFP 77:** In addition to the General Objections, Blanchard Training objects to this Request on the grounds that the request to produce "ALL DOCUMENTS" is overbroad, unduly burdensome, oppressive, and not proportional to the needs of the case. Moreover, the Request is overbroad because "DOCUMENTS EVIDENCING COMMUNICATIONS" between Blanchard Training and Korn Ferry are neither relevant nor necessary for Leadership Studies to prosecute this action. Blanchard Training further objects to this Request on the grounds that the request to produce communications with "anyone employed by OR representing KORN FERRY" is not proportional to the needs of the case when considering the impact the Request has on both Blanchard Training and third parties, including by seeking documents subject to a non-disclosure agreement. Blanchard Training further objects to this Request on the grounds that it seeks information which would be confidential as to a third party.

**BTD's AR to RFP 77:** In addition to the General Objections, Blanchard Training objects to this Request on the grounds that the request to produce "ALL DOCUMENTS EVIDENCING COMMUNICATIONS" is overbroad, unduly burdensome, oppressive, and not proportional to the needs of the case, because production of "ALL DOCUMENTS EVIDENCING COMMUNICATIONS" (as those terms are defined by Leadership Studies) would cover duplicative documents and documents of *de minimis* significance. Blanchard Training further objects to this Request on the grounds that the request to produce communications with "anyone employed by OR representing KORN FERRY" is not proportional to the needs of the case when considering the impact the Request has on both Blanchard Training and third parties, including by seeking documents subject to a non-disclosure agreement. Blanchard Training further objects to this Request on the grounds that it seeks information which would be confidential as to a third party. Subject to and without waiving these objections or the General Objections stated above, Blanchard Training will conduct a reasonable search for and produce on a rolling basis relevant, non-privileged, and non-duplicative documents in its possession, custody or control to the extent such documents exist and have not already been produced. Blanchard Training will make any such documents available to Leadership Studies for outside counsel review at the offices of Cooley LLP, 4401 Eastgate Mall, San Diego, CA 92121, at a mutually agreed-to date and time, after Korn-Ferry has been provided a reasonable amount of time to consider whether it should seek a protective order regarding the production of such documents.

**RFP 78:** ALL DOCUMENTS EVIDENCING COMMUNICATIONS

between YOU AND anyone employed by OR representing KORN FERRY regarding the value OR valuation of the mark "Situational Leadership®."

**BTD's Response to RFP 78:** In addition to the General Objections, Blanchard Training objects to this Request on the grounds that the request to produce "ALL DOCUMENTS" is overbroad, unduly burdensome, oppressive, and not proportional to the needs of the case. Moreover, the Request is overbroad because "DOCUMENTS EVIDENCING COMMUNICATIONS" between Blanchard Training and Korn Ferry are not necessary for Leadership Studies to prosecute this action. Blanchard Training further objects to this Request on the grounds that the request to produce communications with "anyone employed by OR representing KORN FERRY" is not proportional to the needs of the case when considering the impact the Request has on both Blanchard Training and third parties, including by seeking documents subject to a non-disclosure agreement. Blanchard Training further objects to this Request on the grounds that it seeks information which would be confidential as to a third party.

**BTD's AR to RFP 78:** In addition to the General Objections, Blanchard Training objects to this Request on the grounds that the request to produce "ALL DOCUMENTS EVIDENCING COMMUNICATIONS" is overbroad, unduly burdensome, oppressive, and not proportional to the needs of the case, because production of "ALL DOCUMENTS EVIDENCING COMMUNICATIONS" (as those terms are defined by Leadership Studies) would cover duplicative documents and documents of *de minimis* significance. Blanchard Training further objects to this Request on the grounds that the request to produce communications with "anyone employed by OR representing KORN FERRY" is not proportional to the needs of the case when considering the impact the Request has on both Blanchard Training and third parties, including by seeking documents subject to a non-disclosure agreement. Blanchard Training further objects to this Request on the grounds that it seeks information which would be confidential as to a third party. Subject to and without waiving these objections or the General Objections stated above, Blanchard Training will conduct a reasonable search for and produce on a rolling basis relevant, non-privileged, and non-duplicative documents in its possession, custody or control evidencing communications specifically relating to the value or valuation of "Situational Leadership," with redactions of irrelevant content, to the extent such documents exist and have not already been produced. Blanchard Training will make any such documents available to Leadership Studies for outside counsel review at the offices of Cooley LLP, 4401 Eastgate Mall, San Diego, CA 92121, at a mutually agreed-to date and time, after Korn-Ferry has been provided a reasonable amount of time to consider whether it should seek a protective order regarding the production of such documents.

## II. CLS'S STATEMENT

### A. FED. R. CIV. P. 26(B)(1) REQUIRES COMPLIANCE BY BTD.

BTD must produce the documents requested in RFPs 73-78 (F.D. Exh. 2 pp. 17-18) under FRCP 26(b)(1), which provides that a party

> obtain discovery regarding any nonprivileged matter . . . relevant to any party's claim or defense and proportional to the needs of the case, considering the importance of the issues at stake . . ., the amount in controversy, the parties' relative access to relevant information, the parties' resources, the importance of the discovery in resolving the issues, and whether the burden or expense of the proposed discovery outweighs its likely benefit.

Here, four of the key issues in this action are: (1) BTD's rights and duties under the CLS-BTD License Agreement of 1987; (2) BTD's rights in the mark "SITUATIONAL LEADERSHIP" (the "Mark") or in marks derivative thereof; (3) the value or valuation of the items listed in point "2"; (3) BTD's rights in CLS' copyrights or derivative works thereof; and (4) the value or valuation of the items listed in point "3." All these issues were central to the recently-contemplated transaction wherein BTD would have sold itself to third party Korn/Ferry International ("KF"). Thus, all these issues would also have been central to the documents associated with that contemplated transaction (the "KF Deal"). It is difficult to imagine how the KF Deal could have been negotiated without a discussion of the IP rights at issue or of the IP's value. These issues have become even more critical because BTD's most recent position is that the Mark is generic. (*See* BTD's 3/30/17 response to CLS' RFA 42, Fintz Decl. ("F.D.") Exh. 23). If BTD truly believed the Mark was generic during the recent KF Deal discussions, the documents sought by RFPs 73-78 would reflect that. Under FRCP 26(b)(1), CLS is entitled to discovery of communications between BTD and KF on all those issues because they are highly relevant to CLS' central claims and BTD's defenses and proportional to the case's needs in light of (i) the vital issues at stake; (ii) the significant amount in controversy; (iii) BTD's easy access to the documents; (iv) the document population's finite nature; (v) CLS' lack of access to the documents; (vi) the low production burden relative to the great benefit of shedding light on key issues; (vii) the documents' importance in resolving key issues; and (viii) the protective order ("PO") addressing any confidentiality or trade secret concerns.

**B. BTD IS DISPLAYING A PATTERN OF BAD-FAITH EVASION.**

For six months, BTD has been playing a game of legal "whack-a-mole" with CLS on RFPs 73-78. *Cf. Apple, Inc. v. Samsung Elecs. Co.*, No. 12-CV-00630-LHK, 2014 WL 252045, at *4 (N.D. Cal. Jan. 21, 2014) (metaphor for new

arguments endlessly popping up). The pattern here is clear: BTD imposes an obstacle to discovery, CLS fashions a reasonable way to overcome it, then BTD just imposes some other obstacle. (F.D. Exhs. 3-14, 16, 18-22, 24-25). This obstructionist discovery strategy must be stopped.

**1. CLS and KF have presented a united front of obstructionism.**

CLS also sought the relevant documents from another source, subpoenaing KF directly. (CLS' 7/29/16 subpoena to KF, F.D. Exh. 1). Neither KF nor BTD moved to quash it. Instead, BTD objected to it in a letter (BTD's 11/30/16 letter, F.D. Exhs. 7-8), and KF responded to every one of CLS' RFPs with nonspecific boilerplate objections, copied-and-pasted over and over, and stated that CLS should first seek the documents from BTD. (KF's 1/13/17 RFP responses, F.D. Exh. 15; CLS' 3/10/17 letter to KF, F.D. Exh. 17 p. 2). Notably, KF's boilerplate objections make no mention of the common interest doctrine, discussed further below. (For efficiency purposes, most of the records and correspondence from the meet-and-confer ("M&C") efforts between CLS and KF have been omitted from this motion.)

**2. BTD used its amended responses to enhance its obstructionism.**

On 9/26/16, BTD objected to CLS' RFPs 73-78 on grounds of alleged irrelevancy, disproportionality, and confidentiality (notwithstanding the PO then in effect, D.I. 41), and refused to produce even a single responsive document. (F.D. Exh. 3 pp. 49-53). After a M&C teleconference and correspondence (CLS' 11/1/16 letter, F.D. Exh. 4 p. 13), BTD served amended responses ("ARs") on 11/23/16 (F.D. Exh. 6 pp. 33-40). While these ARs for the first time agreed to produce some documents, BTD newly complicated that commitment by (i) defining the scope of its production with ambiguous language; (ii) unilaterally imposing its own limitations on that scope; and/or (iii) not always stating whether it would produce responsive documents. (*Id.*; CLS' 12/27/16 letter, F.D. Exh. 10 pp. 9-10). BTD also introduced more gratuitous obstacles, insisting on the geographic and temporal

restrictions of in-camera review over 100 miles away from CLS' counsel. (*See id.*).[1] BTD also doubled down on its existing objections (again, despite the PO). (*See id.*).

**3. Ignoring both the original and enhanced POs, BTD and KF have improperly cited confidentiality as a basis for obstructionism.**

In the presence of an appropriate negotiated PO, confidentiality cannot be a ground for withholding discovery. *See FlowRider Surf, Ltd. v. Pac. Surf Designs, Inc.*, No. 15CV1879-BEN (BLM), 2016 WL 6522808, at *12 (S.D. Cal. Nov. 3, 2016). BTD's 11/23/16 ARs (F.D. Exh. 6 pp. 34-40) repeatedly said KF should be "provided a reasonable amount of time to consider whether it should seek a protective order . . . ." Further, KF's 1/13/17 RFP responses (F.D. Exh. 15) said the existing PO insufficiently shielded third parties like KF. To be responsive to BTD's and KF's concerns, CLS drafted a revision of the PO specifically designed to confirm it protected KF. (CLS' 3/6/17 email, F.D. Exh. 16). This revision gave rise to the current enhanced PO (D.I. 62). But this was to no avail. KF remains unmoved. Even worse, within days after the parties' joint motion (D.I. 60) to amend the PO, BTD twice cited FRCP 26(c)(1) as grounds for withholding KF Deal documents. (BTD's 3/13/17 letter, F.D. Exh. 18 p. 2; BTD's 3/27/17 letter, F.D. Exh. 21 p. 1). BTD ignored CLS' 3/15/17 letter (F.D. Exh. 19 pp. 2-3), which noted this rule is irrelevant here because, *inter alia*, "(1) BTD's deadline to file a motion for a protective order on RFPs 73-78 expired long ago; and (2) BTD has not even attempted to file any . . . motion for a protective order on RFPs 73-78 . . . ."

**4. CLS sought compromise to allay BTD's disproportionality concerns, but BTD persisted in its obstruction.**

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[1] Previously, in an 11/10/16 teleconference, the parties had discussed the possibility of "some kind of in-camera review or other arrangement" for RFP 74 only. (CLS' 11/11/16 email, F.D. Exh. 9). BTD contended that the discussion of in-camera review had applied to RFPs 70 and 74. (BTD's 11/11/16 email, F.D. Exh. 9). However, BTD's 11/23/16 ARs (F.D. Exh. 6) suddenly expanded in-camera review to encompass RFPs 70 and 73-78. (CLS' 12/27/16 letter, F.D. Exh. 10 p. 9). BTD's 12/28/16 letter (F.D. Exh. 11 p. 5) erroneously claimed that the 11/10/16 discussion of in-camera review had encompassed all of RFPs 73-78. CLS pointed out this discrepancy in a 12/27/16 teleconference. (CLS' 12/30/16 letter, F.D. Exh. 12 p. 5).

In a 12/29/16 teleconference (*see* CLS' 12/30/16 letter, F.D. Exh. 12 pp. 5-6), CLS offered that, for RFP 74, if BTD provided "a proposed list of the types of things [BTD] would want to exclude," CLS would consider that. In a 1/4/17 teleconference (*see* CLS' 1/5/17 letter, F.D. Exh. 13 pp. 7-8), CLS again invited BTD to propose document types for exclusion; CLS also volunteered it was not seeking certain types of documents. But BTD did not accept that compromise. (*Id.*).[2] Notwithstanding BTD's intractability, CLS offered a second compromise in the form of a two-step plan: (i) BTD could produce a finite, tailored set of KF Deal documents (namely, the Purchase Agreement and documents identified therein, the Diligence Request Letter and response thereto, and the Data Room Index); and (ii) CLS would use those to narrow the scope, and the parties could talk about what CLS did and didn't need. (CLS' 1/6/17 email, F.D. Exh. 25). But BTD met this gesture with silence. Six days later, after CLS' follow-up (CLS' 1/11/17 email, F.D. Exh. 25), BTD rejected all compromise offers, instead reiterating its disproportionality objection and promising a "counterproposal" (BTD's 1/12/17 email, F.D. Exh. 25). Also on 1/12/17 (F.D. Exh. 14), BTD withdrew its insistence on in-camera review. CLS then waited two months for BTD's promised "counterproposal," but received only silence. On 3/13/17 CLS followed up again (F.D. Exh. 25), and that day BTD replied with a letter (F.D. Exh. 18) offering no counterproposal. Instead, after what had been nearly six months of discussion, that letter ***for the first time*** raised a brand new, notably nuanced objection: the common interest doctrine ("CID"). (*Id.* p. 2). BTD's gamesmanship bespeaks little respect for the rules of discovery.

## C. BTD'S UNTIMELY INVOCATION OF THE COMMON INTEREST DOCTRINE IS IMPROPER; THE OBJECTION WAS WAIVED.

### 1. BTD's late attempt to invoke the CID is bad faith and was waived in BTD's initial responses that failed to mention the doctrine.

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[2] Regarding these RFPs, the parties' 1/4/17 teleconference yielded only a minor (and vaguely-worded) concession from BTD: "With regard to RFP Nos 73 and 75 on the [1/5/17] letter, we confirm that BTD is producing communications between [BTD] and [KF] as part of its production." (BTD's 1/11/17 email, F.D. Exh. 20).

To "preserve any objections to . . . discovery requests," a party must do so by the response deadline. *Eusse v. Vitela*, No. 3:13-CV-00916-BEN, 2015 WL 4641870, at *2 (S.D. Cal. Aug. 4, 2015). Further, a party may not "make its assertions of privilege a moving target." *S.E.C. v. Yorkville Advisors, LLC*, 300 F.R.D. 152, 166 (S.D.N.Y. 2014) (". . . the Revised Privilege Log's new privilege claims, *i.e.*, the common-interest privilege, . . . are untimely."). During six months of teleconferences and correspondence, CLS has bent over backwards to limit burdens and safeguard confidentiality, only now to face BTD's brand new CID argument. To call this "too little, too late" is an understatement. If something so nuanced as the CID (or, for that matter, even something less nuanced) were so essential to BTD's responses to these RFPs, then BTD was obligated to raise it clearly and specifically within the individual RFP responses and objections it served on 9/29/16—which made not even a passing mention of CID. Thus, BTD failed to preserve CID-based objections, which are waived.

BTD's 9/29/16 responses feature "General Responses" ("GRs"). GR 4 is waived (and even if not, is inapplicable), and thus BTD failed to preserve its CID-based objection. Nonspecific, boilerplate, blanket discovery responses are waived. *See Dowell v. Griffin*, No. 09CV2576-DMS MDD, 2011 WL 2682808, at *2 (S.D. Cal. July 11, 2011) ("Despite the legal requirement to state objections with specificity, the Defendants instead presented a 'preliminary statement' and a list of 'general objections' which they incorporated by reference wholesale into each of their responses"); *Rogers v. Giurbino*, 288 F.R.D. 469, 480 (S.D. Cal. 2012) (although defendant raised attorney-client and work product privilege objections to an RFP, "she provides nothing more than a blanket assertion. It is unclear what . . . documents qualify as attorney-client communications . . . or how a particular document comes within either description"); *Peat, Marwick, Mitchell & Co. v. West*, 748 F.2d 540, 541–42 (10th Cir. 1984) (privilege objection waived where

responding party delayed about six months in specifying the documents for which they had raised a general, blanket privilege objection), *cert. denied*, *Peat, Marwick, Mitchell & Co v. West*, 469 U.S. 1199, 105 S. Ct. 983 (1985). BTD's GR 4 states:

> [BTD] will not produce documents that [BTD] or any other party to this litigation deems to embody material that is private, business confidential, proprietary, trade secret, or otherwise protected from disclosure pursuant to [CA] Constitution, article I, section 1, or [CA] Evidence Code section 1060.

(F.D. Exh. 3 p. 4). GR 4 is generic blanket boilerplate without reference to any particular request whatsoever (and presumably at least one was actually not privileged). Thus, GR 4 is waived; even assuming *arguendo* that it isn't, it makes no mention of the CID and thus cannot support BTD's far-later attempts to invoke that nuanced theory. Nobody reading BTD's responses could have even suspected BTD was attempting to preserve a CID-based objection, which thus cannot be saved.

**2. Even assuming *arguendo* that BTD has not waived its CID-based objection, the CID is inapplicable to the documents at issue.**

***(i) The CID does not apply to any aspect of the BTD-KF relationship.***

Because the conventional attorney-client privilege ("ACP") "'contravene[s] the fundamental principle that the public has a right to every man's evidence,' . . . [courts] construe it narrowly to serve its purposes." *In re Pac. Pictures Corp.*, 679 F.3d 1121, 1126 (9th Cir. 2012). And the CID does not apply "where the attorney-client privilege and work product doctrine do not." *Brill v. Walt Disney Pictures & Television*, 243 F.3d 546 (9th Cir. 2000). When CLS objected to BTD's invocation of the CID (CLS' 3/15/17 letter, F.D. Exh. 19), BTD doubled down (BTD's 3/27/17 letter, F.D. Exh. 21),[3] simultaneously also serving a highly problematic privilege log

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[3] To make matters even worse, BTD's 3/27/17 letter cites cases that do not truly support BTD's position. (BTD's 2/27/17 letter, F.D. Exh. 21 p. 2; CLS' 3/31/17 letter, F.D. Exh. 24 pp. 7-8). Also, BTD's 2/27/17 letter (F.D. Exh. 21 p. 2) identifies purported "compromise" measures by BTD that are disingenuous and utterly *de minimis*. (*See* BTD's and CLS' respective emails of 3/17/17, F.D. Exh. 25; CLS' 3/31/17 letter, F.D. Exh. 24 p. 8). As of 4/10/17, BTD has not responded to CLS' 3/31/17 letter (F.D. Exh. 24).

("PL") (F.D. Exh. 22) six months after its RFP responses. This PL shows [redacted] In addition to being six months late, this PL is, with very limited exceptions, insufficient to establish that the conventional ACP applies. This precludes the CID's applicability.

On top of that, the CID is even narrower than the conventional ACP. A party must surmount numerous hurdles to demonstrate the CID's applicability. First, a true common ***legal interest*** is necessary—something more than merely "a shared desire to see the same outcome in a legal matter," which "is insufficient to bring a communication between two parties within this [CID] exception." *In re Pac.*, 679 F.3d at 1129 (emphasis added). Significantly, the CID "'does not extend [to] communications about a joint business strategy that happens to include a concern about litigation.' [. . .] The fact that the parties may have been developing a business deal that included a desire to avoid litigation 'does not transform their interest and enterprise into a legal, as opposed to a commercial matter.'" *FSP Stallion 1, LLC v.*

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[redacted]

*Luce*, No. 2:08-CV-01155-PMP, 2010 WL 3895914, at *18-19 (D. Nev. Sept. 30, 2010) (internal citations omitted).

Further, "even if parties share a common legal interest, the common legal interest exception requires that the communication at issue be designed to further that legal effort." *Id.*; *see also id.*, at *17 ("The common interest privilege applies where . . . the communication is made by separate parties in the course of a matter of common legal interest . . . [and] that communication is designed to further that effort . . . ."). The CID applies only where "parties with common interests join forces for the purpose of obtaining more effective legal assistance." *Morvil Tech., LLC v. Ablation Frontiers, Inc.*, No. 10-CV-2088-BEN BGS, 2012 WL 760603, at *2 (S.D. Cal. Mar. 8, 2012) (internal quotation marks omitted). The CID does not apply in the absence of "evidence that [two parties] had formulated a joint legal strategy . . . or that counsel . . . coordinated its legal efforts with attorneys from [the other parties]." *FSP Stallion 1*, 2010 WL 3895914, at *18. Additionally, there must have been a strategic agreement between the parties: ". . . the parties must make the communication in pursuit of a joint strategy in accordance with some form of agreement—whether written or unwritten." *In re Pac.*, 679 F.3d at 1129. Finally, the CID cannot protect communications even between co-parties "where counsel is not present, or at the very least, where the specific conversations of the co-parties at issue was not expressly directed by counsel." *DeFazio v. Hollister, Inc.*, No. CIVS04-1358 WBS GGH, 2008 WL 4952481, at *2 (E.D. Cal. Nov. 18, 2008).

BTD faces all these hurdles to the CID's applicability—and, moreover, bears the burden of showing they are surmounted. *See Sanchez Ritchie v. Sempra Energy*, No. 10CV1513-CAB(KSC), 2015 WL 12912316, at *4 (S.D. Cal. Apr. 6, 2015) (emphasis omitted) ("Mr. Azano does not provide any evidentiary support or a clear explanation as to why he believes the [CID] would apply under the facts and circumstances."); *see FSP Stallion 1*, 2010 WL 3895914, at *20 (alleged holder of

privilege "bears the burden of establishing . . . non-waiver."). CLS has expressly invited BTD to meet this burden. (CLS' 3/15/17 letter, F.D. Exh. 19 pp. 1-2). But BTD has not done so, and cannot do so, because the circumstances envisaged by the above hurdles are not present. The KF Deal was an uncompleted, arm's-length financial transaction. KF's ultimate goal in its talks with BTD would have been to determine the desirability, from KF's perspective, of purchasing BTD. ***This is a thoroughly financial interest,*** and certainly not a common one. Indeed, BTD, for its part, would have been attempting to convince KF that BTD's alleged interests in certain IP were sufficiently actual and secure to merit a buyout by KF (while KF's agenda would have been to cast doubt on the representations to obtain a better price). BTD has not even attempted to identify a purported common interest. This is fatal to BTD's invoking the CID. *See FSP Stallion 1*, 2010 WL 3895914, at *19 (the CID "did not apply because, in structuring the credit agreement, the parties' interests were not identical."). BTD cannot surmount the hurdles.

***(ii) Even assuming* arguendo *that the CID does apply to some subset of the BTD-KF relationship, nevertheless the ACP and CID are both inapplicable to (a)*** REDACTED REDACTED ***(b) any BTD-KF communications that occurred after any purported common interest ceased to exist.***

REDACTED

This irreparably destroyed any ACP or CID protection for those documents. Furthermore, such obviously disingenuous invocations of the ACP and CID only highlight BTD's evasive tactics, and suggest BTD is poorly tailoring its withholding of documents.

Additionally, Courts recognize time limits for the CID's applicability based on changes in the parties' relationship. *See Lincoln Gen. Ins. Co. v. Ryan Mercaldo*

*LLP*, No. 13CV2192-W (DHB), 2015 WL 12672142, at *2 (S.D. Cal. July 15, 2015) (when a party "disclaimed its duty to defend [an individual]," that terminated the common interest, so from that point their communications were not privileged). Even assuming *arguendo* that at some point in time the CID *was* applicable to the BTD-KF relationship, that applicability would not have lasted forever. Changes in the BTD-KF relationship would determine the CID's applicability. Yet BTD has refused CLS' demands for information about "when, and under what circumstances, KF decided not to acquire BTD" (CLS' 3/15/17 letter, F.D. Exh. 19 p. 2) as somehow "entirely irrelevant to whether the common interest applies" (BTD's 3/27/17 letter, F.D. Exh. 21 p. 2). Thus, BTD's chronic stonewalling extends from document production to even sharing its reasoning behind the invocation of the CID.

**D. CONCLUSION**

BTD's evasiveness is abusive and sanctionable. CLS respectfully asks the Court to order BTD to either (i) produce all documents responsive to RFPs 73-78 or conduct an in-camera review sufficient for the Court to ascertain whether the CID could indeed apply. CLS also respectfully requests that BTD and its counsel be ordered to pay sanction equal to CLS' fees and costs for this motion, in an amount to be determined based on the actual costs incurred, subject to Court review.

**III. <u>BTD'S STATEMENT</u>**

CLS brought this lawsuit in 2015 alleging pretextual trademark, copyright, and contract claims for activity going back decades, with the improper purpose of disrupting "the recently-contemplated transaction wherein BTD would have sold itself to third party" KF. (*See supra* at 6; Declaration of Thomas McKee ("McKee Decl.") at ¶ 2.) CLS has all but admitted to that motivation in this motion, as it fights to obtain trade secret commercial information in the nature of the draft purchase agreement for BTD and any related documents that may be used to establish a ***valuation*** of BTD and any ***valuation*** that KF assigned to the trademarks and

copyrights used by BTD, despite the fact that information and any associated 2015 KF Deal documents are not important nor necessary for CLS to attempt to prove alleged trademark, copyright, and 1987 contract-based claims at issue. This information could be used by CLS ***only*** to discern the extent of any leverage it may have over its competitor BTD as a result of bringing and maintaining this lawsuit, and to identify further opportunities to disrupt BTD's business with strategic litigation.

***CLS does not seek the documents for any reason tethered to the alleged claims that are actually pending in this lawsuit***—the KF Deal documents ***will not establish*** rights and duties under the CLS-BTD License Agreement of 1987, BTD's rights in any trademarks and copyrights, or the proper measure of CLS' alleged damages incurred or the disgorgement of BTD's profits. The KF Deal documents sought are not important for the issues in the case, and the burden to BTD in sharing such confidential commercial information outweighs its likely benefit considering the issues at stake in the action.

BTD hereby seeks a protective order pursuant to Fed. R. Civ. P. 26(c)(1) because good cause exists to issue an order to protect BTD from revealing trade secret and other commercial information in the KF Deal documents.[7] Moreover, CLS'

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[7] CLS argues above (*supra* at 8) that BTD cannot now timely bring a motion for protective order pursuant to Fed. R. Civ. P. 26(c)(1). However, the parties have agreed to an ongoing meet-and-confer process with regard to these discovery requests which started with BTD objecting on ***9/26/16*** to CLS' RFPs 73-78 on grounds of irrelevancy, disproportionality, and confidentiality (*supra* at 7), then continued with "***six months of teleconferences and correspondence***" (*supra* at 10). Even in the most recent memorialization of the continued agreement of extensions, BTD's position regarding proportionality and protection from disclosing trade secret material was explicitly raised and repeated (*See 3/16/17* email attached to Declaration of John Paul Oleksiuk, Esq. ("Oleksiuk Decl.") as Exhibit A.*)* In the event the Court finds this request for a protective order untimely on the basis that Magistrate Judge Crawford's Chambers' Rules that require "discovery motions shall be filed no later than 45 days after the event giving rise to the dispute…For written discovery, the event giving rise to the

request to compel production of the KF Deal documents should not be granted because the documents are not proportional to the needs of the case under Fed. R. Civ. P. 26(b)(1).

To be clear, BTD is not seeking to protect all documents from disclosure that might have been otherwise responsive but for being shared with KF as part of the KF Deal. ***BTD has produced responsive documents including 1,142 pages constituting the vast majority of documents from the "IP Folder" in the document database (the "Data Room") shared between BTD and KF relating to the KF Deal, as well as documents relating to profits and damages.*** Discovery is ongoing and BTD anticipates that both BTD and CLS will be producing additional financial documents. However, BTD has not produced the documents that relate ***only*** to the KF Deal, such as documents containing proposed KF Deal terms and documents containing discussion of the logistics of the potential sale and the potential legal risks associated with the KF Deal, as this confidential information is not important for litigating the claims and defenses in this lawsuit, and many of these documents are privileged documents that remain protected under the common-interest doctrine.

## A. A PROTECTIVE ORDER IS WARRANTED, OR ELSE THE MOTION TO COMPEL SHOULD BE DENIED, BECAUSE THE KF DEAL DOCUMENTS ARE CONFIDENTIAL COMMERCIAL INFORMATION AND THEIR DISCLOSURE IS NOT PROPORTIONAL TO THE NEEDS OF THE CASE

Federal Rule of Civil Procedure 26(b)(1), as amended, provides in part as follows: "Parties may obtain discovery regarding any non-privileged matter that is relevant to any party's claim or defense and proportional to the needs of the case, considering the importance of the issues at stake in the action, the amount in

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dispute is the service of an objection, answer, or response, or the passage of a discovery due date without response or production," BTD respectfully submits that ***the motion to compel portion of this Joint Motion would also be untimely for the same reason***, and the motion should therefore be denied in its entirety.

controversy, the parties' relative access to relevant information, the parties' resources, the importance of the discovery in resolving the issues, and whether the burden or expense of the proposed discovery outweighs its likely benefit." Fed. R. Civ. P. 26(b)(1). "The court may, for good cause, issue an order to protect a party or person from annoyance, embarrassment, oppression, or undue burden or expense,...including...(A) forbidding the disclosure or discovery;...(D) forbidding inquiry into certain matters, or limiting the scope of disclosure or discovery to certain matters;...(G) requiring that a trade secret or other confidential...or commercial information not be revealed or be revealed only in a specified way...." Fed. R. Civ. P. 26(c)(1).

In crafting protective orders to protect trade secrets from disclosure, courts in the Ninth Circuit must balance the risk to the defendant of inadvertent disclosure of trade secrets to competitors against the risk to plaintiff that protection of defendant's trade secrets impaired prosecution of plaintiff's claims. *See Brown Bag Software v. Symantec Corp.*, 960 F.2d 1465, 1470 (9th Cir. 1992) (explaining the balancing required when litigants were previously entitled to take discovery under the "reasonably calculated to lead to the discovery of admissible evidence" standard).

With the advent of the "proportionality" standard under the revised Federal Rules, this Court has recently applied the *Brown Bag* balancing test for protecting trade secrets from disclosure in the context of the narrower "proportionality" standard in the amended Federal Rules. *See Cross-Fit, Inc. v. Nat'l Strength & Conditioning Ass'n*, No. 14CV1191-JLS(KSC), 2016 WL 6476306, at *7 (S.D. Cal. Nov. 2, 2016) (M.J. Crawford). In *Cross-Fit*, the plaintiff argued it needed royalty figures from publishing agreements because they were relevant to the calculation of plaintiff's alleged damages and was "'additional evidence' corroborating defendant's financial motive for unfair competition." This Court disagreed and found that plaintiff did not establish a "substantial need" for un-redacted copies of the publishing agreements that

outweighed defendant's interest in maintaining the confidentiality of its financial arrangements with a third party. The same is true here. CLS's claimed substantial need does not outweigh BTD's interests in maintaining the confidentiality of its protected and confidential information with KF and regarding the KF Deal.

### 1. KF DEAL DOCUMENTS ARE TRADE SECRET OR OTHER CONFIDENTIAL COMMERCIAL INFORMATION, AND THEIR DISCLOSURE WOULD BE HARMFUL TO BTD

In California, trade secrets include information that (1) derives independent economic value, actual or potential, from not being generally known to the public or to other persons who can obtain economic value from its disclosure or use; and (2) is the subject of efforts that are reasonable under the circumstances to maintain its secrecy. Cal. Civ. Code § 3426.1. The KF Deal documents that are the subject of this motion all include BTD's trade secret or other confidential commercial information which may be protected from disclosure pursuant to Fed. R. Civ. P. 26(c)(1)(g), including details regarding all aspects of BTD's business that would be expected to be discussed in the context of the negotiation for the sale of a business. (McKee Decl. ¶ 4; Declaration of Richard Andrews ¶ 3). The information in the KF Deal documents exchanged by BTD and KF was exchanged under a Mutual Confidentiality Agreement dated March 11, 2015. (McKee Decl. ¶ 5.) It would be harmful for BTD to disclose such confidential information to any of its competitors, but no competitor moreso than CLS, who filed this lawsuit complaining about activities it had tolerated for decades only to disrupt the KF Deal. (McKee Decl. ¶¶ 3, 6.) CLS and its counsel would use the KF Deal documents for its strategic advantage in seeking to obtain a settlement based on the value of BTD, or based on terms that would prevent the future sale of BTD, instead of the merits of any claims or defenses in this lawsuit. (McKee Decl. ¶ 7.)

As addressed below, the KF Deal documents would not establish BTD's rights and obligations under the 1987 Agreement, and they would not establish BTD's ownership or lack of ownership of rights in trademarks and copyrights.

To this day, KF and BTD continue to have a shared interest in having the KF Deal documents and any recent correspondence remain shielded from both public view and from CLS and its counsel. (McKee Decl. ¶ 8.)

**2. THE KF DEAL DOCUMENTS ARE NOT IMPORTANT TO THE CASE OR NECESSARY TO PREPARE THE CASE FOR TRIAL**

CLS states in its introduction above that documents it seeks regarding the contemplated transaction are relevant and proportional to the needs of the case in the context of CLS seeking information regarding these four issues [*sic* – CLS lists five issues] in this action:

> (1) BTD's rights and duties under the CLS-BTD License Agreement of 1987;
> (2) BTD's rights in the mark "SITUATIONAL LEADERSHIP" (the "Mark") or in marks derivative thereof;
> (3) the value or valuation of the items listed in point "2";
> (3) [*sic*] BTD's rights in CLS' copyrights or derivative works thereof; and
> (4) [*sic*] the value or valuation of the items listed in point "3."

But just as the "royalty rates" in *Cross-Fit* did "not appear to have any connection to [the] lawsuit" the KF Deal documents in this case do not have any connection to the claims in the present lawsuit. *Cross-Fit,* 2016 WL 6476306, at *5. The issues as framed by CLS above ***confirm*** that KF Deal documents are not important to resolve the issues in this case.

**a. KF DEAL DOCUMENTS FROM 2015 DO NOT ESTABLISH THE RIGHTS AND DUTIES UNDER THE 1987 AGREEMENT**

There is no plausible argument that correspondence between BTD and KF in 2015, and other 2015 correspondence relating to that potential transaction, is in any way ***important to establish "BTD's rights and duties under the CLS-BTD License Agreement of 1987."*** In order to determine "BTD's rights and duties under the CLS-

BTD License Agreement of 1987" the Court will review the language of the 1987 Agreement. *See* Cal. Civ. Code § 1638 ("The language of a contract is to govern its interpretation, if the language is clear and explicit, and does not involve an absurdity"); § 1639 ("When a contract is reduced to writing, the intention of the parties is to be ascertained from the writing alone, if possible"). To establish "BTD's rights and duties under the CLS-BTD License Agreement of 1987" the Court and parties must look at the contract itself—not the 2015 KF Deal documents. Even if the intention of the parties is not clear from the writing in the 1987 Agreement, the conduct between the parties over the ensuing 28 years is immeasurably more relevant than private correspondence between BTD and KF.

**b. KF DEAL DOCUMENTS FROM 2015 DO NOT ESTABLISH BTD'S RIGHTS IN ANY TRADEMARKS OR COPYRIGHTS THAT CLS MAY CLAIM TO RIGHTFULLY OWN**

Similarly, whatever BTD said or did not say to KF in 2015, or elsewhere in 2015 in the context of the potential transaction, ***will not establish "BTD's rights in the mark 'SITUATIONAL LEADERSHIP' or in marks derivative thereof" nor "BTD's rights in CLS' copyrights or derivative works thereof."*** Again, proportional discovery on these issues would focus on the respective use and registration of alleged trademarks over the years, authorship and registration of CLS' alleged copyrights, and correspondence and agreements between CLS and BTD relating to trademarks and copyrights, and any quality control exercised by CLS over BTD's use of any trademarks. *See generally* 17 U.S.C. § 201 ("Copyright in a work protected under this title vests initially in the author or authors of the work. The authors of a joint work are coowners of copyright in the work"). CLS must prove its authorship or the chain-of-title showing ownership of the claimed copyright, and the KF Deal documents could have no relevance here. Nimmer on Copyright § 5.01 ("the person claiming copyright must either himself be the author, or he must have succeeded to the rights

of the author"). Similarly, it is difficult to imagine how the KF Deal documents is relevant to CLS's burden to prove its rights to the trademark. *See* McCarthy on Trademarks and Unfair Competition § 16:35 (4th ed.) ("Trademark ownership inures to the legal entity who is in fact using the mark as a symbol of origin"); § 18:38 ("A trademark or service mark can be validly licensed to another to use but only if the licensor exercises control over the nature and quality of the goods and/or services sold by the licensee under the licensed mark. The law imposes on the trademark licensor the affirmative duty to police the mark as used by licensees. If the licensor fails to fulfill this duty, it may lose some or all rights in the mark").

BTD's rights in any trademarks or copyrights would not be established nor refuted on the basis of any correspondence between BTD and KF in 2015, and other 2015 correspondence relating to that potential transaction.

**c. EVEN IF KF DEAL DOCUMENTS FROM 2015 COULD ESTABLISH THE "VALUE" OR "VALUATION" OF TRADEMARKS AND COPYRIGHTS USED BY BTD IN ITS BUSINESS, THAT VALUE WOULD NOT BE IMPORTANT FOR RESOLVING ANY ISSUES IN THIS CASE**

***The "value or valuation" of trademarks and copyrights is not an issue in this litigation***. CLS' justification that KF-related documents should be produced in order to establish the value or valuation placed on trademarks or copyrights is the most transparent indication yet of CLS' true motivations and behavior.

If CLS were to prevail on all of its claims in the lawsuit, CLS may seek compensation for its ***damages***, i.e., its lost sales, and CLS may also seek disgorgement of BTD's ***profits*** from the allegedly improper use of trademarks and copyrights. *See* 17 U.S.C. § 504 (remedies for copyright infringement) and 15 U.S.C. § 1117 (remedies for trademark infringement). But ***under no theory or claim could CLS recover the "value or valuation" that a third party would place on an acquisition of***

***BTD's business or the use of trademarks and copyrights as part of that business.*** This would amount to an award of the net present value of future profits anticipated by a third party acquirer that have not yet occurred, and would never occur if CLS prevails in its request for injunctive relief prohibiting BTD from using certain trademarks and copyrights. A calculation of damages and profits would be properly based on the financial records kept by BTD and CLS in the ordinary course of business, not based on the terms for a potential acquisition of BTD or any value placed by a potential third party acquirer on BTD's business.

Accordingly, the KF Deal documents are not important for resolving any of the five issues identified by CLS in this motion.

## C. THE COMMON INTEREST DOCTRINE AVOIDS WAIVER OF PRIVILEGE FOR MANY OF THE KF DEAL DOCUMENTS

The Southern District of California has held that the common interest privilege applies in merger/acquisition discussions because parties to a potential merger have a shared legal interest in "in avoiding or reducing litigation," including the common legal interest in whether a parties' products infringed third party IP, "and the communications addressing the scope of IP [are] "certainly designed to further that interest." *Morvil Tech., LLC v. Ablation Frontiers, Inc.*, No. 10-CV-2088-BEN BGS, 2012 WL 760603 (S.D. Cal. Mar. 8, 2012). The court held as follows:

> Medtronic and AFI were contemplating the wholesale acquisition of AFI by Medtronic. The legal interests of AFI and Medtronic in evaluating these legal interests were aligned as both parties were committed to the transaction and working towards its successful completion. AFI and Medtronic shared common legal interests in whether the products that AFI and Medtronic would market infringed third party IP, and the communications addressing the scope of the IP certainly were designed to further that interest. The Court finds that this mutual interest in valid and enforceable patents fits within the confines of the common legal interests doctrine.

*Id.* (internal references omitted).

BTD and KF and their counsel communicated under a Mutual Confidentiality Agreement regarding the common legal interest in whether third parties, including CLS, could have claims against BTD. These communications are privileged. *See e.g. Morvil Tech., LLC v. Ablation Frontiers, Inc.*, No. 10-CV-2088-BEN BGS, 2012 WL 760603 (S.D. Cal. Mar. 8, 2012) (common interest privilege applied as disclosures were subject to a "strict confidentiality agreement"); *Microban Sys., Inc. v. Skagit Nw. Holdings, Inc.*, No. C15-932-MJP, 2016 WL 7839220, at *1 (W.D. Wash. Aug. 17, 2016) (plaintiff and the third party "took steps specifically to maintain the privilege under the circumstances, exchanging the communications pursuant to a confidentiality agreement."). Furthermore, *In re Pac. Pictures Corp.*, 679 F.3d 1121, 1129 (9th Cir. 2012), the case cited by CLS above, suggests an even a lower standard – that the common interest privilege can be implied. As shown above in BTD's discovery responses, and repeated many times including in BTD's March 13, 2017 letter, BTD has consistently objected to the production of privileged documents and said that it would only produce *non-privileged* documents.[8]

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[8] BTD has carefully reviewed the documents at issue and considered CLS' positions regarding the common interest doctrine articulated in this joint motion. BTD provided CLS on April 18, 2017 an amended version of the privilege log at issue. BTD has removed from the log many of the documents contained Fintz Decl. Ex. 22: the privilege and common interest designation is removed for the following categories of documents: (1) draft purchase agreements and disclosures schedules to draft purchase agreements shared with KF counsel, accountants, and advisors; (2) task lists prepared by or shared with KF counsel, accountants, and advisors; (3) selected issues lists drafted by or shared with KF counsel, accountants, and advisors; (4) term sheets drafted by or shared with KF counsel, accountants, and advisors; (5) emails from individuals to themselves; and (6) emails with the investment bankers in the distribution. ***But the proportionality objections and request for protective order still apply to these documents containing confidential commercial information, so BTD will not produce them unless directed by the Court to do so over BTD's objections***.

In any event, as BTD stated its initial objections ***over six months ago*** to the requests seeking KF Deal documents and repeatedly since then, BTD should not be required to produce KF Deal documents because they are trade secret and confidential commercial documents that are not important for resolving the issues in the case, which are therefore not proportional to the needs of the case.[9] KF has similarly made repeated objections ***over three months ago*** on January 13, 2017 on the basis of privilege and on the basis that CLS was improperly seeking "disclosure of confidential commercial information" and "disclosure of trade secrets." (Fintz Decl. Ex. 15 at *passim*.)

**D. CLS' PORTION OF THIS JOINT MOTION SEEKING TO COMPEL PRODUCTION IS REPLETE WITH MISREPRESENTATIONS AND CONTINUING EFFORTS TO HOLD BTD TO A DOUBLE-STANDARD**

While it would be a waste of this Court's time for BTD to refute every misleading statement by CLS in this motion, as many misrepresentations are not material to the outcome in this motion, the more egregious and indefensible misrepresentations in their section of this Joint Motion include the following:

- CLS states, "BTD ignored CLS' 3/15/17 letter" (*supra* at 8.) In fact, BTD responded initially on 3/16/17 confirming an extension of the deadline to file a motion "regarding the applicability of the common interest privilege to the Korn-Ferry production (CLS' RFPs 73-78), and regarding the proportionality and trade secret/confidentiality concerns relating to these

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[9] Notwithstanding BTD's objections, BTD produced KF Deal documents on March 14, 2017, including all non-privileged documents that were provided by BTD to KF in connection with the potential transaction in the "Intellectual Property" folder of the Data Room. These ***1,142 pages of documents*** were produced in a good faith effort to reach a compromise on this discovery dispute, providing CLS with the non-privileged KF Deal documents that have ***some relationship*** to the claims in this lawsuit. Indeed, most of those documents produced on March 14, 2017 had already been produced during BTD's search for responsive documents in locations outside of the transaction Data Room. Oleksiuk Decl. ¶ 4.

documents." (Oleksiuk Decl. Ex. A.) Mr. Fintz acknowledged this email on 3/16/17. (*Id.*) BTD followed up with a privilege log and substantive response letter on 3/27/17 that explicitly referred to and addressed the 3/15/17 letter. (Fintz Decl. Ex. 21.) ***Despite claiming BTD ignored the letter on page 8 above, CLS goes on at page 11 above to discuss BTD's 3/27/17 response to the 3/15/17 letter.***

- CLS argues that BTD has made an "untimely invocation" of the common interest doctrine with a privilege log that is "six months late." (*supra* at 9, 12.) But CLS itself has done 10 volumes of production since October 7, 2016 and not updated their "working draft privilege log" which was identified by CLS' counsel as "by no means a complete privilege log." Oleksiuk Decl. Ex B. CLS told BTD that they will update their log after they finish their "rolling production" but they have not finished their rolling production nor updated their privilege log despite the vast majority of their production having occurred after CLS' October 7, 2016 "working draft privilege log." (Oleksiuk Decl. ¶ 5.) CLS is in no position to complain about the alleged "delay" in obtaining BTD's log.
- CLS writes "These issues have become even more critical because BTD's most recent position is that the Mark is generic. (*See* BTD's 3/30/17 response to CLS' RFA 42, Fintz Decl. ("F.D.") Exh. 23)." In doing so, CLS misleads the Court with a suggestion that BTD took up this position just in the last two weeks—perhaps to justify its delay in filing this motion. ***But ever since this dispute started in 2015, BTD has had a claim or counterclaim pending seeking cancellation of the trademark registration for SITUATIONAL LEADERSHIP on the basis that it is generic.*** See, e.g., Counterclaim for cancellation of trademark based on genericness filed

April 27, 2016, Dkt. 28; Complaint in Related Case No. 3:15-cv-2142 filed here in the S.D. Cal., September 25, 2015, Dkt. 1).

- CLS says "the protective order ("PO") address[es] any confidentiality or trade secret concerns." (*supra* at 6.) ***But CLS has unilaterally redacted and withheld trade secret information and holds BTD to a double-standard.*** (Oleksiuk Decl. ¶ 7.)

Unfortunately, these misrepresentations and efforts to hold BTD to a double-standard are part of a larger pattern in this litigation. *See, e.g.*, Oleksiuk Decl. Ex. C (letter dated December 28, 2016 providing numerous side-by-side examples of CLS complaining about allegedly improper discovery conduct by BTD that CLS believed appropriate for itself.)

## E. CONCLUSION

***This is an improper fishing expedition.*** This motion confirms that CLS filed this lawsuit for the improper purpose of disrupting the KF Deal. CLS would use KF Deal documents to further its strategy in attempting to extract a maximum toll from BTD for selling its company, ***but not in order to prove any of the specific claims at issue in this case or use the documents as evidence of CLS' damages***. The claims in the lawsuit all relate to allegations of infringement of CLS' trademarks and copyrights, and allegations of breaches of a 1987 Agreement. But the potential sale of BTD to KF—and associated documents—simply are not important for litigating those claims. Moreover, privilege in many of those documents is not waived due to the common interest doctrine, and all of the documents at issue are protected trade secrets as internal confidential information or information shared only under strict confidentiality obligations that derives independent economic value from not being known to CLS who can obtain economic value from its disclosure or use. If BTD is required to produce documents regarding the KF Deal, even designated as "OUTSIDE COUNSEL ONLY" under the Amended Protective Order, not only would that

eviscerate the common interest doctrine that this District recently recognized among the buyer and seller of intellectual property in evaluating a potential third party claims, but ***CLS would be afforded a double-standard and rewarded for filing these claims with the improper purpose of disrupting the KF Deal. CLS would likely seek to leverage its largest competitor's most sensitive documents for improper reasons other than preparing to take the claims in this lawsuit to trial***.

Accordingly, BTD hereby requests the CLS' motion to compel be denied, or in the alternative that BTD be granted a protective order against the production of KF Deal documents. BTD further requests its reasonable expenses incurred in opposing the motion, including attorney's fees, pursuant to Fed. R. Civ. P. 37(a)(5)(B).

Dated: April 19, 2017

Respectfully submitted,

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Dated: April 19, 2017

Respectfully submitted,

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**FILER'S ATTESTATION**

Pursuant to this Court's Electronic Case Filing Administrative Policies and Procedures, Section 2, Subparagraph f(4), the undersigned attests that all parties have concurred in the filing of this Joint Motion for Determination Of Discovery Dispute on Plaintiff's Requests for Production 73-78.

Dated: April 19, 2017

Respectfully submitted,

**ZUBER LAWLER & DEL DUCA LLP**
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**PROOF OF SERVICE**

**Leadership Studies, Inc. v. Blanchard Training Development**
**Case No. 15CV1831 WQH-KSC**

**STATE OF CALIFORNIA, COUNTY OF LOS ANGELES**

At the time of service, I was over 18 years of age and not a party to this action. I am employed in the County of Los Angeles, State of California. My business address is 777 S. Figueroa Street, 37th Floor, Los Angeles, CA 90017, USA.

On April 19, 2017, I served true copies of the following document(s) described as **JOINT MOTION FOR DETERMINATION OF DISCOVERY DISPUTE; DECLARATION OF NATHANIEL L. FINTZ; DECLARATION OF TOM MCKEE; DECLARATION OF RICHARD ANDREWS; SUPPLEMENTAL DECLARATION OF JEFFREY J. ZUBER; AND DECLARATION OF JOHN PAUL OLEKSIUK, ESQ.** on the interested parties in this action as follows:

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**BY CM/ECF NOTICE OF ELECTRONIC FILING:** I electronically filed the document(s) with the Clerk of the Court by using the CM/ECF system. Participants in the case who are registered CM/ECF users will be served by the CM/ECF system. Participants in the case who are not registered CM/ECF users will be served by mail or by other means permitted by the court rules.

I declare under penalty of perjury under the laws of the United States of America that the foregoing is true and correct and that I am employed in the office of a member of the bar of this Court at whose direction the service was made.

Executed on April 19, 2017, at Los Angeles, California.

*s/ Imelda Aparacio*
Imelda Aparacio